


OWEN Electric

A Touchstone Energy Cooperative 

June 20, 2006

Beth O'Donnell, Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
PO Box 615
Frankfort, KY 40602-0615

RECEIVED

JUN 22 2006

PUBLIC SERVICE
COMMISSION

CASE 2006-00314

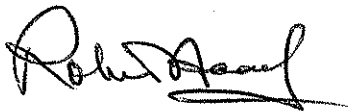
RE: Application for Order Issuing a Certificate of Public Convenience and Necessity

Dear Ms. O'Donnell:

Enclosed please find an application from Owen Electric Cooperative, Inc. requesting an order issuing a certificate of public convenience and necessity relative to the installation of an automated meter reading system as an addition to its existing plant.

Please advise immediately if you have any questions or require any further documentation after reviewing application. I can be contacted at 502-563-3549.

Sincerely
OWEN ELECTRIC COOPERATIVE, INC.



Robert Hood
Sr. VP of Engineering and Operations

Enclosures (11)

RM/sc

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 22 2006

PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC)
COOPERATIVE, INC., FOR AN ORDER ISSUING)
A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY)

CASE NO. 2006-00314

APPLICATION

The petition of Owen Electric Cooperative, Inc., respectfully shows:

- (A) That the Applicant is engaged in the business of distributing and furnishing electric current to approximately 54,923 member-consumers in North-Central Kentucky, in the Counties of Owen, Grant, Pendleton, Gallatin, Scott, Boone, Kenton, Campbell, and Carroll.
- (B) The post office address of Applicant is PO Box 400, Owenton, Kentucky, 40359-0400
- (C) That a copy of the Applicant's Articles of Incorporation are on file with the Commission as part of Case No. 90-166, filed June 13, 1990, amendments to Articles as part of Case No. 92-064, filed in February 18, 1992, and amendments to Articles filed with the State of Kentucky on July 14, 2005 per Exhibit 6 attached.
- (D) That the Applicant's property consists of its headquarters office building, service center, and storage yards in Owenton, Kentucky; a branch office building in Butler, Kentucky; a service center and storage yards in Walton, Kentucky; and approximately 4,961 miles of distribution line and other related equipment and property in which there has been invested a total \$164,449,242 as of April 30, 2006, which is considered Owen Electric's utility plant. The net value of said plant after accumulated depreciation and amortization as of said date was \$112,741,347.
- (E) That Applicant proposes to install Automated Meter Reading System as an addition to its existing plant.
- (F) That Applicant anticipates financing the additions through a long-term RUS/FFB loan.

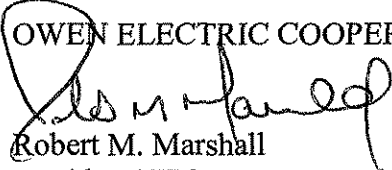
(G) That the estimated cost of operation of the proposed facilities after completion will be \$1,239,915 annually.

(H) That attached hereto and made a part of this Application are the following documents and copies:

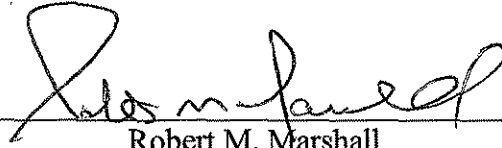
- Exhibit 1 Balance Sheet as of April 30, 2006
- Exhibit 2 Statement of Operations for 12-month period ending April 30, 2006
- Exhibit 3 Notes Outstanding as of April 30, 2006
- Exhibit 4 Estimated Cost of Operation of Proposed Facilities
- Exhibit 5 Revision Statement to RUS for 2005 – 2007 Work Plan
- Exhibit 6 Amendment to Articles of Incorporation filed on July 14, 2005

WHEREFORE, Applicant asks that the Public Service Commission of the Commonwealth of Kentucky make its Order granting all necessary Certificates of Public Convenience and Necessity pursuant to KRS 289.020 in order for Applicant to make improvements and additions to the Work Plan for 2005 – 2007; and to do and perform all and every act necessary to carry out and effectuate the purposes and intents of this Corporation pursuing its business in the conduct of rural electrification in such places as permitted by its Articles of Incorporation.

Dated at Owenton, Kentucky this 31 day of May, 2006

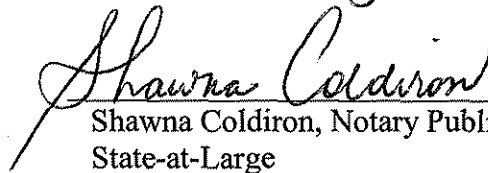
OWEN ELECTRIC COOPERATIVE, INC.

Robert M. Marshall
President/CEO

I, Robert M. Marshall, President/CEO of Owen Electric Cooperative, Inc., declare that the statements contained in this Application are true and correct to the best of my knowledge.



Robert M. Marshall
President/CEO

Subscribed and sworn to before me by Robert M. Marshall, President/CEO of Owen Electric Cooperative, Inc., this 31st day of May, 2006



Shawna Coldiron, Notary Public
State-at-Large
My Commission Expires 07/07/2006

OWEN ELECTRIC COOPERATIVE
BALANCE SHEET
April 30, 2006

ASSETS AND OTHER DEBITS

UTILITY PLANT		
Total Utility Plant In Service	\$160,967,361	
Construction Work In Progress	<u>3,481,881</u>	
Total Utility Plant	164,449,242	
Less Accum. Provision for Depreciation	<u>(51,707,895)</u>	
Net Utility Plant		\$112,741,347
OTHER PROPERTY AND INVESTMENTS		
Investments in Subsidiary Companies	\$0	
Investments In Assoc. Org. - Pat. Capital	18,960,118	
Investments In Assoc. Org. - Other Non-Gen. Funds	2,018,901	
Other Investments	303,316	
Special Funds	<u>26,182</u>	
Total Other Property and Investments		21,308,518
CURRENT AND ACCRUED ASSETS		
Cash	910,008	
Special Deposits	1,450	
Temporary Investments	320,000	
Accounts Receivable	8,136,717	
Materials & Supplies	1,030,298	
Prepayments	505,305	
Other Current & Accrued Assets	<u>125,982</u>	
Total Current & Accrued Assets		11,029,760
Deferred Debits		<u>114,211</u>
TOTAL ASSETS & OTHER DEBITS		<u>\$145,193,836</u>

LIABILITIES AND OTHER CREDITS

EQUITIES AND MARGINS		
Memberships	\$1,065,320	
Patronage Capital	49,177,678	
Operating Margins - Prior Years	0	
Operating Margins - Current Year	3,522,817	
Non-Operating Margins	971,208	
Other Margins And Equities	<u>1,810,904</u>	
Total Equities And Margins		\$56,547,928
LONG-TERM DEBT		
Long-Term Debt - RUS	37,988,147	
Long-Term Debt - Other	<u>31,266,504</u>	
Total Long-Term Debt		69,254,651
Accumulated Operating Provisions		5,268,414
CURRENT AND ACCRUED LIABILITIES		
Notes Payable	3,320,388	
Accounts Payable	5,100,380	
Consumers' Deposits	2,162,002	
Other Current & Accrued Liabilities	<u>3,050,936</u>	
Total Current & Accrued Liabilities		13,633,706
Deferred Credits		<u>489,137</u>
TOTAL LIABILITIES AND OTHER CREDITS		<u>\$145,193,836</u>

OWEN ELECTRIC COOPERATIVE
STATEMENT OF OPERATIONS
FOR 12 MONTHS ENDING 4/30/2006

Exhibit 2

Operating Revenue & Patronage Capital		\$128,189,363
Cost Of Purchased Power	\$101,408,178	
Distribution Expense - Operations	0	
Distribution Expense - Maintenance	3,442,939	
Consumer Accounts Expense	3,585,710	
Customer Service & Informational Expense	3,137,785	
Sales Expense	0	
Administrative & General Expense	<u>2,670,718</u>	
Total Operations & Maintenance Expense		\$114,245,329
Depreciation & Amortization Expense	6,950,394	
Tax Expense - Property	0	
Tax Expense - Other	133,615	
Interest On Long-Term Debt	2,906,809	
Interest Expense - Other	299,999	
Other Deductions	<u>197,153</u>	
Total Cost Of Electric Service		<u>125,016,461</u>
Patronage Capital & Operating Margins		\$3,172,902
Non-Operating Margins - Interest		177,451
Income(Loss) from Equity Investments		0
Non-Operating Margins - Other		165,436
Generation & Transmission Capital Credits		0
Other Capital Credits & Patronage Dividends		<u>261,147</u>
Patronage Capital or Margins		\$3,776,937

OWEN ELECTRIC COOPERATIVE
OUTSTANDING DEBT
As of April 30, 2006

Exhibit 3

LENDER	LOAN NO.	DATE	INTEREST RATE	ORIGINAL AMOUNT	30-Apr-06 BALANCE	MATURITY DATE
CFC	9001	23-Dec-71	7.000%	\$28,000	\$2,063	3/1/2007
CFC	9004	10-Sep-73	7.000%	\$188,000	\$32,893	9/1/2008
CFC	9008	04-Jun-74	7.000%	\$262,000	\$58,112	6/1/2009
CFC	9011	15-Jul-75	6.900%	\$510,000	\$154,241	6/1/2010
CFC	9014	08-Dec-76	6.900%	\$510,000	\$194,371	12/1/2011
CFC	9016	29-Mar-78	6.900%	\$1,083,000	\$475,922	3/1/2013
CFC	9019	15-Nov-79	6.900%	\$1,686,000	\$798,447	9/1/2014
CFC	9021	01-Jun-81	6.900%	\$1,809,000	\$1,052,951	6/1/2016
CFC	9024	07-Jun-83	6.900%	\$1,064,000	\$687,851	6/1/2018
CFC	9025	24-Jul-86	6.900%	\$2,107,368	\$1,447,512	6/1/2021
CFC	9026-1	21-Mar-91	6.900%	\$2,195,958	\$1,736,444	3/1/2026
CFC	9027-1	28-Oct-93	6.900%	\$2,807,000	\$2,240,932	9/1/2028
CFC	9028-1	27-Jul-95	6.900%	\$1,500,000	\$1,345,988	5/31/2030
CFC	9028-2	27-Jul-95	6.900%	\$1,703,000	\$1,528,756	5/31/2030
CFC	9031-03	29-Aug-03	2.900%	\$1,219,376	\$1,219,376	5/31/2006
CFC	9031-04	29-Aug-03	3.150%	\$1,219,376	\$1,219,376	5/31/2007
CFC	9031-05	29-Aug-03	3.500%	\$1,219,376	\$1,219,376	5/31/2008
CFC	9031-06	29-Aug-03	3.950%	\$1,219,376	\$1,219,376	5/31/2009
CFC	9031-07	29-Aug-03	4.450%	\$1,219,376	\$1,219,376	5/31/2010
CFC	9031-08	29-Aug-03	4.700%	\$1,219,376	\$1,219,376	5/31/2011
CFC	9031-09	29-Aug-03	5.000%	\$1,219,376	\$1,219,376	5/31/2012
CFC	9031-10	29-Aug-03	5.200%	\$1,219,376	\$1,219,376	5/31/2013
CFC	9031-11	29-Aug-03	5.400%	\$1,219,376	\$1,219,376	5/31/2014
CFC	9031-12	29-Aug-03	5.650%	\$1,219,376	\$1,219,376	5/31/2015
CFC	9031-13	29-Aug-03	5.650%	\$1,219,376	\$1,219,376	5/31/2016
CFC	9031-14	29-Aug-03	5.700%	\$1,219,376	\$1,219,376	5/31/2017
CFC	9031-15	29-Aug-03	5.800%	\$1,219,376	\$1,219,376	5/31/2018
CFC	9031-16	29-Aug-03	5.850%	\$1,219,376	\$1,219,376	5/31/2019
CFC	9031-17	29-Aug-03	5.900%	\$1,219,376	\$1,219,376	5/31/2020
CFC	9031-18	29-Aug-03	6.600%	\$1,219,376	\$1,219,376	5/31/2021
RUS	B200	23-Dec-71	2.000%	\$56,500	\$1,735	12/23/2006
RUS	B202	23-Dec-71	2.000%	\$56,500	\$1,735	12/23/2006
RUS	A320	27-Jul-95	3.750%	\$2,000,000	\$1,623,468	7/27/2030
RUS	A321	27-Jul-95	5.375%	\$1,736,500	\$1,520,272	7/27/2030
RUS	A325	24-Nov-97	3.750%	\$2,000,000	\$1,633,040	11/23/2032
RUS	A326	18-May-98	3.650%	\$1,736,500	\$1,425,970	5/17/2033
FFB	0010	04-Jan-99	6.038%	\$2,700,000	\$2,541,395	1/3/2034
FFB	0015	04-Jan-99	5.542%	\$3,000,000	\$2,807,230	1/3/2034
FFB	0020	04-Jan-99	4.615%	\$2,000,000	\$1,782,283	1/3/2034
FFB	0025	04-Jan-99	4.615%	\$2,000,000	\$1,778,683	1/3/2034
FFB	0030	04-Jan-99	4.615%	\$1,000,000	\$897,378	1/3/2034
FFB	0035	04-Jan-99	4.615%	\$2,000,000	\$1,809,664	1/3/2034
FFB	0040	04-Jan-99	4.615%	\$2,000,000	\$1,843,866	1/3/2034
FFB	0045	04-Jan-99	4.615%	\$3,263,000	\$3,046,544	1/3/2034
FFB	0050	02-Sep-03	4.615%	\$4,000,000	\$3,941,092	12/31/2037
FFB	0055	02-Sep-03	3.174%	\$7,963,000	\$7,854,191	12/31/2037
FFB	0060	02-Sep-03	3.911%	\$3,500,000	\$3,479,601	12/31/2037

TOTAL AS OF 04/30/2006

\$69,254,651

OWEN ELECTRIC COOPERATIVE
Estimated Annual Cost of Operating Proposed Facilities

1. Operations and Maintenance Expense (A)	4.40%
2. Depreciation Expense (A)	6.67%
3. Property Tax (B)	0.00%
4. Interest Exp. – RUS/FFB Long-Term Rate as of 05/05	<u>5.00%</u>
5. Total	<u>16.07%</u>
6. Cost of Proposed Facilities	\$7,715,713
7. Annual Cost of Operation (line 6 x line 5)	<u>\$1,239,915</u>

(A) From 12/31/05 RUS Form 7

(B) Property taxes now being spread to O & M expenses

AMENDMENT TO CURRENT APPROVED
CONSTRUCTION WORK PLAN

Exhibit 5

Amendment # 06-1 Borrower Designation Kentucky 37 Owen

Work Plan Period September 2005 – August 2007

Change(s) Proposed: Addition of an Automated Meter Reading (AMR) System.

Reason(s) for Change(s): To include the cost incurred to install a complete Automated Meter Reading (AMR) System at Owen Electric

Method of Financing:

- Loan Funds X
- General Funds _____
- Contributions in Aid _____


Status of Borrowers Environmental Report: Will use existing facilities: pole lines and metering locations.

Estimated Cost: \$7,715,713

Engineering Support Attached: Update to 2005-2007 Work Plan

Registered Engineer (as required):
Signature: 
PE Number: 29368

Requested by:
Manager: 
Date: 5/31/06

Approved by:
RUS, GFR: 
Date: 6-20-06

Subject to BER Approval: Yes _____ No X

Status of Construction: To begin July of 2006

0039308.09

Dornish
NAOA

Trey Grayson
Secretary of State
Received and Filed
07/14/2005 3:08:44 PM
Fee Receipt: \$8.00

AMENDMENT OF ARTICLES OF INCORPORATION
OF
OWEN ELECTRIC COOPERATIVE, INC.

043769

KNOW ALL MEN BY THESE PRESENTS:

That we, Robert M. Marshall, President, and Stanley Gosney, Secretary of Owen Electric Cooperative, Inc., (hereinafter called the "Corporation") do hereby certify:

That at a meeting of the Directors of the Corporation duly held on the 27th day of January, 2005, in conformity with the constitution and laws of the Commonwealth of Kentucky, it was unanimously resolved that the amendments of the Articles of Incorporation of the Corporation hereinafter set forth be approved and recommended to the members for approval.

Further, at a meeting of the members of the Corporation duly held on the 24th day of June, 2005, in conformity with the constitution and laws of the Commonwealth of Kentucky, the following amendments of the Articles of Incorporation of the Corporation were adopted by a majority of the votes entitled to be cast by the members present in person and voting at said meeting:

1. Section 2 of Article VIII of the Articles of Incorporation shall be amended to read as follows:

Section 2. Any natural person, firm, association, corporation, body politic or subdivision thereof shall become a member of Owen Electric Cooperative, Inc., upon the occurrence of either of the following:

- (a) Signing of an application for membership in Owen Electric Cooperative, Inc., and payment of the other deposits and fees specified in the bylaws; or
- (b) Payment of the first bill received from Owen Electric Cooperative, Inc., for electric energy and payment of the other deposits and fees specified in the bylaws.

No natural person, firm, association, corporation, body politic, or subdivision thereof may own more than one (1) membership in the Cooperative.

A husband and wife may jointly become a member of the Cooperative as specified in the bylaws.

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A member of the Cooperative shall comply with and be bound by all of the provisions of the Articles of Incorporation and Bylaws of the Cooperative and such rules, regulations and policies as may, from time to time, be adopted by the Cooperative Board of Directors.

IN WITNESS WHEREOF, Robert M. Marshall and Stanley Gosney have made, signed and acknowledged this Amendment of Articles of Incorporation of Owen Electric Cooperative, Inc., in triplicate originals, this the 30 day of June, 2005.

OWEN ELECTRIC COOPERATIVE, INC.

BY: [Signature]
Robert M. Marshall, President

Attest:

[Signature]
Stanley Gosney, Secretary

STATE OF KENTUCKY)
COUNTY OF OWEN)

I, James M. Crawford, Notary Public within and for the State and County aforesaid do certify that on this date the foregoing instrument of writing was produced to me in my County by Owen Electric Cooperative, Inc., by its authorized representatives, Robert M. Marshall, President, and Stanley Gosney, Secretary, parties thereto, and was by them signed, acknowledged and delivered as and for their free act and deed and the free act and deed of Owen Electric Cooperative, Inc.

My commission expires: NOV 14/05

Witness my hand on this the 30 day of June, 2005.

[Signature]
NOTARY PUBLIC, KY, STATE AT LARGE

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THIS INSTRUMENT PREPARED BY:

CRAWFORD & BAXTER, P.S.C.
ATTORNEYS AT LAW
523 Highland Avenue
P.O. Box 353
Carrollton, Kentucky 41008
Phone: (502) 732-6688

BY: James M. Crawford
James M. Crawford

CRAWFORD & BAXTER, P.S.C.
ATTORNEYS-AT-LAW
CARROLLTON, KY

STATE OF KENTUCKY, County of Owen, SCT
I, Mary K. Duncan, Clerk of Owen County, hereby
Certify that the foregoing 101 was this day
Lodged in my office for record and is, with this and the
Foregoing certificate duly recorded in my said office
Witness my hand this 26 day of July 2015.
Clerk fee 900 State fees 0 transfer tax
Total amount collected 900 receipt # 4251
Mary K. Duncan, Owen County Clerk
By [Signature] Deputy Clerk Book 5 Page 295